Calendar No. 268

84TH CONGRESS, 1st Session | SENATE | REPORT No. 263

AUTHORIZING THE TERRITORY OF ALASKA TO OBTAIN ADVANCES FROM THE FEDERAL UNEMPLOYMENT ACT

MAY 3 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 1650]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 1650) to authorize the Territory of Alaska to obtain advances from the Federal Unemployment Act, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF BILL

Enactment of S. 1650 would correct a technical situation so that the Territory of Alaska would be able to obtain advances from the unemployment trust fund held in the Federal Treasury.

The Territory's own unemployment compensation funds were exhausted on March 22, and prompt passage of the measure is necessary to prevent suffering and economic dislocation in Alaska. The committee was assured by United States Department of Labor officials that prospects of repayment and future solvency on the part of the Territorial fund are excellent.

NECESSITY FOR LEGISLATION

In the Employment Security Administration Financing Act of 1954 (68 Stat. 668), the 83d Congress specifically provided that Alaska, along with Hawaii and the States, was authorized to receive under certain conditions an advance from the Federal unemployment fund upon application of the Governor. However, a subsequent opinion of the Attorney General of the United States has held that section 9 of the Organic Act of Alaska (37 Stat. 514; 48 U. S. C. 77), enacted in 1912, prevents the Territory from incurring indebtedness.

Therefore, the proposed legislation is necessary to remove the bar against such a loan. Enactment would put Alaska in the same position as Hawaii and the States with respect to advances from the Federal unemployment fund.

LABOR DEPARTMENT'S POSITION

At a public hearing on S. 1650, Robert C. Goodwin, Director of Employment Security, Department of Labor, urging enactment of the measure, testified in part as follows:

On March 22, 1955, the insolvent status of the Alaskan unemployment insurance reserve fund forced the Territory to suspend its unemployment compensation payments. The current status of the fund is in marked contrast to that in 1949 when in relation to taxable wages, it was among the 10 highest in the country. It is only within the past 2 years that unemployment in Alaska has increased sharply and benefit payments risen in amount great enough to produce insolvency.

During 1953–54 unemployment among covered workers in Alaska was far greater than in the country as a whole. Specifically in 1953, the average rate of covered unemployment in Alaska was 13.1 percent as compared with 3.2 percent in the rest of the country and in 1954 it was 17.2 percent as compared with less than 4 percent. This high unemployment in Alaska was due principally to reduced activity in the construction and fishing industries upon which the Alaskan economy rests to a substantial degree. These 2 industries account for 50 percent of covered employment during the peak employment periods of the year and a decline in these industries affects employment levels in the 3 next largest industries in Alaska, namely, wholesale and retail trade, services and utilities. In total these 5 industries account for 90 percent of all covered employment during the peak employment periods of the year.

ACTION BY TERRITORIAL LEGISLATURE

A special session of the Alaska Legislature this month took steps to remedy the unemployment insurance financial situation. It passed a law to authorize the advance of $2 million to the Alaskan unemployment insurance account from the general funds of the Territory. Pursuant to this authority, the Territorial treasurer advanced $1 million to the account on April 13. Unemployment compensation payments were then resumed and benefits were paid retroactively from the date of the suspension in March. Consequently, the drain on the account has been substantial and it appears that the fund will again be exhausted by April 22, 1955.

Further transfer of the remaining $1 million from the general funds of the Territory to the unemployment insurance fund is complicated by the fact that a suit has been instituted by a taxpayer in Alaska to restrain the treasurer of the Territory from transferring additional funds.

Loans under the Financing Act were intended to be available to the States and Territories when they are in financial distress. The Department of Labor strongly urges, therefore, that Congress take favorable action on S. 1650 so that the Financing Act may be an effective recourse for Alaska in its efforts to reestablish its unemployment insurance system on a sound financial basis.

Favorable reports also have been received from the Bureau of the Budget, and the Department of the Interior. Mr. Fred K. Hoehler, Jr., Social Insurance Activities, American Federation of Labor, testified at the hearings in support of the measure.

The question of the Governor's authority to obtain loans was raised with the committee by Mr. W. C. Arnold, representing the Alaska Salmon Industry, Inc., the largest single employer of labor in the Territory on a seasonal basis. However, the committee points out that the

provisions of S. 1650 in effect amend the organic act to give the Governor of Alaska such authorization. In the 1954 act setting up the unemployment trust fund, the Congress provided that the Governors of the States and the designated Territories (Hawaii and Alaska) are the officials authorized to make the application for advances under the conditions specified. Thus, S. 1650 would give the Governor of Alaska no greater authority than that previously intended to be vested in him and now possessed by the Governors of Hawaii and the States under the 1954 act.

REPORTS OF EXECUTIVE AGENCIES

In addition to the favorable testimony before the committee of Labor Department officials, and those of the Department of the Interior, the following communications from the executive departments are set forth in full.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., April 18, 1955.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: This is in response to your request for the views of this Bureau on S. 1650, a bill to authorize the Territory of Alaska to obtain advances from the Federal Unemployment Act, and for other purposes.

This bill would allow the Territory of Alaska to receive advances of funds from the Federal unemployment fund as provided by the Employment Security Administrative Financing Act of 1954, but found by the Attorney General of the United States to be barred by the Alaska Organic Act which prohibits assumption of indebtedness by the Territory.

Your committee may wish to clarify the bill by substituting the word "account" for "act" in the title since the advances contemplated would come from the account established pursuant to the act.

We are informed that the Territory now has need for an advance from the Federal unemployment fund, and meets the conditions to qualify for such an advance as specified by the Employment Security Administrative Financing Act of 1954. In order that unemployment compensation benefits may be continued in Alaska, the Bureau of the Budget recommends enactment of S. 1650.

Sincerely yours,

DONALD R. BELCHER,
Assistant Director.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., April 14, 1955.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington, D. C.

MY DEAR SENATOR MURRAY: This is in response to your request for a report on S. 1650, a bill to authorize the Territory of Alaska to obtain advances from the Federal Unemployment Act, and for other purposes.

We recommend that S. 1650 be enacted.

The purpose of the bill is to remove the bar contained in the Alaska Organic Act which prevents the Territory of Alaska from obtaining the same benefits from the Employment Security Administration Financing Act of 1954 as are available to the States, Hawaii, and the District of Columbia. The Employment Security Administration Financing Act of 1954 (Public Law 567, 83d Cong., 68 Stat. 668), amended the Social Security Act in order to provide that the States (a term defined for the purposes of the Social Security Act to include Alaska, Hawaii, and the District of Columbia), may, under certain circumstanecs, receive an advance of funds from the Federal unemployment account of the unemployment trust fund in the Treasury of the United States. Such an advance may be

obtained if (1) the balance in the account of the State in the unemployment trust fund at the close of the calendar quarter is less than the total compensation paid out under the unemployment compensation law of such State during the 12-month period ending with the close of the quarter; (2) the governor of the State applies to the Secretary of Labor for an advance during the quarter following the one referred to above; and (3) the Secretary of Labor finds that the first and second conditions have been met.

Alaska's unemployment fund is at this time virtually depleted. There is substantial unemployment in the Territory, and it is of the utmost importance that the Governor be in a position to obtain the kind of advance provided for by the Employment Security Administrative Financing Act. There is no doubt that the Territory meets the first condition set forth above. Despite the application of the Social Security Act generally to the Territory of Alaska (42 U. S. C., sec. 1301), the Attorney General has ruled that Alaska may not avail itself of the benefits contained in the 1954 amendments to that act because of the prohibition against the assumption of indebtedness contained in the Alaska Organic Act.

Section 9 of the Alaska Organic Act (48 U. S. C., sec. 77), provides in part that the Territory shall not "have power or authority to create or assume any bonded indebtedness whatever; nor to borrow money in the name of the Territory * * *; nor to pledge the faith of the people of the same for any loan whatever, either directly or indirectly; nor to create, nor to assume, any indebtedness, except for the actual running expenses thereof * * *." In a letter to this Department dated March 30, 1955, the Attorney General held that the debt limitation above referred to must be strictly observed, that the acceptance of an advance under the Unemployment Security Administrative Financing Act of 1954 would constitute a loan, and that such an advance would result in the creation of a prohibited indebtedness. The Attorney General concluded that special enabling legislation would be necessary to authorize the Territory of Alaska to obtain advances under the 1954 statute. The introduced bill is designed, therefore, to authorize the Territory to obtain an advance notwithstanding the prohibition of section 9 of the Alaska Organic Act.

Because of the urgency of the unemployment situation in Alaska, the inability of the Territory to pay unemployment compensation benefits, and the substantial number of unemployed individuals, I strongly urge that S. 1650 be enacted at the earliest possible date.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

ORME LEWIS,
Assistant Secretary of the Interior.

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Calendar No. 269

84TH CONGRESS
1st Session

SENATE

REPORT
No. 264

RELATING TO A CONSTITUTIONAL CONVENTION IN ALASKA

MAY 3 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 1633]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 1633) relating to a constitutional convention in Alaska, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF MEASURE

Enactment of S. 1633 would permit members of the Legislature of Alaska to be candidates for election and serve as delegates to a constitutional convention. Alaskan legislators now are prohibited from holding such office by the 1912 Organic Act (48 U. S. C. 82).

A constitutional convention has been called by the popularly elected Territorial legislature for November of 1955. However, the Territorial law provides that candidates must complete their filing by May 10, 1955.

Therefore, if the convention is to have the benefit of the services of men qualified by experience to serve as delegates, prompt approval of S. 1633 is necessary.

The committee is informed that prohibitions such as that in the 1912 act have been usual in Territorial organic acts, and that waivers, such as provided by S. 1633, to permit experienced legislators to serve on constitutional conventions have been the rule, also. Such a waiver was granted by the 81st Congress in the case of Hawaii (63 Stat. 926).

In view of the time limitation, the committee recommends prompt action by the Senate in approving S. 1633.

REPORTS OF EXECUTIVE AGENCIES

The favorable report of the Department of the Interior on the House measure identical to S. 1633 is set forth below.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington 25, D. C., April 19, 1955.

Hon. CLAIR ENGLE,
Committee on Interior and Insular Affairs,
House of Representatives, Washington 25, D. C.

MY DEAR MR. ENGLE: You have requested a report from this Department on H. R. 5166, a bill relating to a constitutional convention in Alaska.

The Organic Act of the Territory of Alaska, approved August 24, 1912 (48 U. S. C., sec. 82), provides:

"No member of the legislature shall hold or be appointed to any office which has been created, or the salary or emoluments of which have been increased, while he was a member, during the term for which he was elected and for one year after the expiration of such term."

H. R. 5166 would, if enacted, authorize any member of the legislature, notwithstanding the above provision of the Organic Act, to be a candidate for election as a delegate in the formation of a constitutional convention and, if elected, would authorize him to serve at such a convention.

In the event a constitutional convention is formed and held, it is our view that members of the Territorial legislature should not be precluded from participating in such convention. Accordingly, we recommend enactment of this bill.

Since I am informed that there is a particular urgency for the submission of the views of the Department, this report has not been cleared through the Bureau of the Budget and, therefore, no commitment can be made concerning the relationship of the views expressed herein to the program of the President.

Sincerely yours,

ORME LEWIS,
Assistant Secretary of the Interior.

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Calendar No. 270

84TH CONGRESS, 1st Session | SENATE | REPORT No. 265

AUTHORIZING THE SECRETARY OF THE INTERIOR TO CONVEY CERTAIN LANDS ERRONEOUSLY CONVEYED TO THE UNITED STATES

MAY 3 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. JACKSON, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 824]

The Committee on Interior and Insular Affairs, to whom was referred the bill S. 824 authorizing and directing the Secretary of the Interior to convey certain lands erroneously conveyed to the United States, having considered the same, report favorably thereon with the following amendment and with the recommendation that the bill as amended do pass.

Add the following new section:

SEC. 5. The following described land containing 39.84 acres, more or less, shall be conveyed to Harvey F. Jones and Joan E. Jones, husband and wife, of Wilbur, Washington: All that portion of the southwest quarter of the southeast quarter of section fourteen, township twenty-eight north, range thirty-three east, Willamette meridian, lying southerly of a line described as follows: Beginning at a point on the west line of the southwest quarter of the southeast quarter of said section 14 which bears north 00 degrees 09 minutes 30 seconds west 1,268.17 feet from the quarter section corner on the south line of said section 14 and running thence north 75 degrees 29 minutes 15 seconds east 180.91 feet; thence north 89 degrees 40 minutes 15 seconds east 1,214.93 feet; thence north 85 degrees 49 minutes 39 seconds east 1,240.11 feet to a point on the east line of said section 14 which bears north 00 degrees 13 minutes 58 seconds west 1,404.31 feet from the southeast corner of said section 14.

According to the report of the Department of the Interior, the needed reservoir right-of-way in this particular area was subdivided into small tracts and there were overlapping boundaries and discrepancies in the land descriptions. Accordingly in the purchase transactions it was deemed advisable to have the owners quitclaim all their interests below the boundary of the reservoir right-of-way. However, no possession of any of the property was ever taken by the United States, nor was any consideration ever paid for it.

The bill authorizes and directs the Secretary of the Interior to reconvey by quitclaim deed all of the right, title, and interest of the United States in the lands erroneously conveyed except that such conveyances shall be subject to certain donation easements and releases.

The departmental report on S. 824 inadvertently omitted the 39.84 acres of land erroneously conveyed to the United States by Harvey F. Jones and Joan E. Jones. Hence the amendment noted above will reconvey these lands to the Joneses in accordance with the departmental recommendation received after the bill was introduced.

The Department of the Interior recommends enactment of S. 824 as amended and there is no objection from the Bureau of the Budget.

Departmental reports follow:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., February 9, 1955.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs.
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: This will acknowledge your letter of January 28, 1955, requesting the views of the Bureau of the Budget on S. 824, to authorize and direct the Secretary of the Interior to convey certain lands erroneously conveyed to the United States.

The purpose of this bill is indicated in its title. The Bureau of the Budget would have no objection to enactment of S. 824, subject to whatever technical amendments the Secretary of the Interior may propose to your committee.

Sincerely yours,

DONALD R. BELCHER,
Assistant Director.

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D. C., April 18, 1955.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington, D. C.

MY DEAR SENATOR MURRAY: This Department has been requested to report on S. 824, a bill to authorize and direct the Secretary of the Interior to convey certain lands erroneously conveyed to the United States.

The need for this legislation, so far as the conveyances to Walter McAviney and Gertrude H. McAviney are concerned, grows out of an inadvertent error made in connection with the purchase in 1938 of lands to be inundated by Franklin D. Roosevelt Lake, Columbia Basin project, Washington. The needed reservoir right-of-way in this particular area was subdivided into small tracts and there were overlapping boundaries and discrepancies in the land descriptions. Accordingly, in the purchase transactions it was deemed advisable to have the owners quitclaim all their interests below the boundary of the reservoir right-of-way.

When acquiring the properties of Elmer J. Gifford et al., and Andrew Engstrom, pursuant to contracts Nos. I36r–1055 and I36r–1100, dated March 3, 1938, and April 13, 1938, respectively, Elmer J. Gifford et al., were asked to quitclaim all their interest in lots 1 and 3, section 4, township 32 north, range 37 east, Willamette meridian, and did so. A portion of that area lies above the reservoir boundary. There was never any intention to acquire an interest in those parts of these subdivisions above the reservoir boundary and, accordingly, the interest thus acquired should be conveyed to Mr. and Mrs. McAviney, the successors in interest to Elmer J. Gifford et al.

The need for the legislation to reconvey to Cull A. White and Katherine M. White, his wife, the E½W½SW¼SW¼ of section 9, township 28 N., R. 32 E., Willamette meridian, stems from the fact that in one of the first land transactions involving right-of-way for the Franklin D. Roosevelt Lake area, Mr. and Mrs. White executed a deed to Frank A. Banks, construction engineer, Bureau of Reclamation, who in turn, together with his wife, conveyed to the United States

the identical property described in the deed to Mr. Banks. These two deeds, however, contain an erroneous description which resulted in the United States acquiring a tract of land which it did not need, purchase, or want. There was never any intention to acquire this particular subdivision and, accordingly, the interest of the United States therein should be conveyed to Mr. and Mrs. White.

No possession of any of the property was ever taken by the United States nor was any consideration ever paid for it. We recommend, in view of the above, that S. 824 be enacted.

The Bureau of the Budget has advised that there would be no objection to the presentation of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

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Calendar No. 271

84TH CONGRESS, 1st Session | SENATE | REPORT No. 266

CONSENTING TO AN INTERSTATE COMPACT TO CONSERVE OIL AND GAS

MAY 3 (legislative day, MAY 2), 1955.—Ordered to be printed

Mr. LONG, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. J. Res. 38]

The Committee on Interior and Insular Affairs, to whom was referred the resolution (S. J. Res. 38) consenting to an interstate compact to conserve oil and gas, having considered the same, report favorably thereon with technical amendments and with the recommendation that the bill do pass.

Thirty-eight Senators, of both political parties, have sponsored Senate Joint Resolution 38, and action in both subcommittee and full committee was unanimous.

PURPOSE OF MEASURE

Senate Joint Resolution 38 gives the consent of the Congress to extension and renewal, for a period of 4 years from September 1, 1955, of the interstate compact to conserve oil and gas. The compact was first approved by the 74th Congress in 1935 (49 Stat. 939), and has been renewed and extended by successive Congresses six times since then, most recently by Public Law 128, 82d Congress, 1st session (65 Stat. 199).

More than half the States of the Union, representing the greater part of our domestic oil production, are members of the compact, and the committee finds that in its 20 years of existence it has achieved notable success in fulfilling its avowed mission of preventing waste of oil and gas through local, State action.

THE COMPACT

The text of the provisions of the compact, and its legal history, are set forth in full in Senate Joint Resolution 38.

Article II provides:

> The purpose of this compact is to conserve oil and gas by the prevention of physical waste thereof from any cause (lines 23–24, p. 6, of S. J. Res. 38).

Article V of this compact states that it is not the purpose of the compact to authorize the States joining it to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or to create or perpetuate monopoly, or to promote regimentation; but it is limited in scope to the conservation of oil and gas and the prevention of the waste thereof within reasonable limitations. There are no restrictions in the compact which the States do not voluntarily accept.

Member States agree to enact and enforce State legislation to prevent waste of oil and gas, and article VI provides for each member State to appoint one representative to a Commission, designated the Interstate Oil Compact Commission, the duty of which shall be—

> to make inquiry and ascertain from time to time such methods, practices, circumstances, and conditions as may be disclosed for bringing about conservation and the prevention of physical waste of oil and gas, and at such intervals as said Commission deems beneficial it shall report its findings and recommendations to the several States for adoption or rejection (art. VI).

The Commission has no power of compulsion. Its sole and only purpose is to assist the States, industry, and public in general in promoting the conservation program, the compact providing, by its terms, that—

> The Commission shall have power to recommend the coordination of the exercise of the police powers of the several States within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said States, and to recommend measures for the maximum ultimate recovery of oil and gas.

Thus, the sole authority for carrying out the conservation program rests with the member States.

Any State may withdraw on 60 days' notice, but no State has ever exercised this privilege. Rather, membership has steadily increased from the original 6 sponsoring States to a total of 22 active States (i. e., States in which oil or gas is now produced) and 6 associate members (i. e., States in which there are excellent prospects that oil or gas will be produced).

THE MEMBERSHIP

States that participated in drafting and establishing the compact in 1935 were Colorado, Illinois, Kansas, New Mexico, Oklahoma and Texas. Michigan joined in 1939; Arkansas, Louisiana, New York, and Pennsylvania in 1941; Kentucky in 1942; Ohio in 1943; Montana, West Virginia, Alabama, and Florida in 1945; Tennessee and Indiana in 1947; Mississippi in 1948; Nebraska and North Dakota in 1953, and Nevada, South Dakota, and Wyoming in 1954. Georgia became an associate member in 1946 after amendment of the bylaws to extend such privileges to States having no oil or gas production but excellent prospects thereof. Subsequently, Arizona joined as an associate member in 1951; Washington and the Territory of Alaska in 1953; and Oregon in 1954.

Under the bylaws of the Commission, the Oil and Gas Division of the Department of the Interior, the Federal Power Commission, the

United States of Venezuela, and the Provinces of Alberta and Saskatchewan, Canada, have been invited to participate in compact activities as official observers.

BACKGROUND OF COMPACT

In 1931, when the oil industry was threatened with complete demoralization as a result of the uncontrolled and wastefully produced flood of oil from the east Texas and Oklahoma fields, the Governors of those States and of New Mexico and Kansas formed a Governors Committee, which became an Oil States Advisory Committee, to find ways of meeting the critical situation. A draft of a uniform legislative act for conservation and interstate compact was presented to Congress but failed of passage. Throughout 1932, 1933, and 1934, many meetings were held and objectionable features of the earlier compact proposals were eliminated, and in December 1934, a subcommittee of the House Interstate and Foreign Commerce Committee reported to the Congress:

> We strongly urge upon the oil-producing States the adoption of State compacts to deal with the problems of production of petroleum with which individual States are powerless to cope—

and gave its opinion that—

> A State compact * * * is the solution of those problems of petroleum production which cannot be solved with modification of the "law of capture" and other legislation operating within State boundaries.

Enactment of the parent interstate oil compact law, Public Resolution 67, 74th Congress, followed.

CONGRESSIONAL APPROVAL NECESSARY

Article I, section 10, of the Constitution of the United States provides:

> No State shall, without the consent of Congress, * * * enter into any Agreement or Compact with another State * * *.

The committee finds that the interstate oil compact is in complete harmony with the American form of government. It preserves the rights of each of the separate States to deal with its own problems in its own way, while allowing them to work together on a sound program acceptable to all without Federal control.

Conservation of natural resources has become a fixed and well-established national policy. Our oil and gas resources are irreplaceable. The public welfare demands their proper utilization and development, in the interest of the national economy and national security.

Under our system of government, the responsibility for producing oil and gas should rest with the States in which it is produced, but because of the physical nature of oil and gas, and the economics of production and marketing, interstate cooperation is necessary. The committee finds as a fact that the interstate oil compact has provided the necessary mechanism for such cooperation. In view of the demonstrated value to the national interest of the group accomplishments resulting from this compact and its several extensions, the committee recommends favorable action on this joint resolution.

REPORTS FROM EXECUTIVE AGENCIES

The favorable reports of all of the executive agencies concerned with the compact are set forth in full. It is to be noted that some are addressed to the Committee on Interstate and Foreign Commerce rather than to the Interior Committee. This is because the measure originally was referred to the Interstate Committee, but was re-referred to the Interior Committee by the unanimous consent of the Senate on March 8, 1955, on the request of Senator Magnuson.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., April 13, 1955.

Hon. JAMES E. MURRAY,
Chairman, Senate Committee on Interior and Insular Affairs,
Washington, D. C.

MY DEAR MR. CHAIRMAN: This will acknowledge your letter of April 5, 1955, requesting the views of the Bureau of the Budget on Senate Joint Resolution 38, consenting to an interstate compact to conserve oil and gas.

In 1935, six oil-producing States, with the consent of the Congress, entered into an interstate compact to undertake measures to conserve oil and gas reserves. Since that time the original compact has been extended six times, with the consent of the Congress. The last extension expires September 1, 1955. Twenty-two States are now parties to the compact and have agreed to a further 4-year extension to September 1, 1959. Senate Joint Resolution 38 would give the consent of the Congress to this extension.

The Bureau of the Budget would have no objection to the enactment of Senate Joint Resolution 38.

Sincerely yours,

DONALD R. BELCHER, *Assistant Director.*

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington 25, D. C., April 27, 1955.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington 25, D. C.

MY DEAR SENATOR MURRAY: You have requested a report from this Department on Senate Joint Resolution 38, a joint resolution consenting to an interstate compact to conserve oil and gas.

The Department of the Interior recommends the enactment of this proposed joint resolution. The interstate compact to conserve oil and gas is designed to promote sound conservation of the great natural resources of oil and gas so vitally necessary to the security and general welfare of the Nation. Since the compact was originally consented to by the Congress on August 27, 1935, the Interstate Oil Compact Commission created by the compact has made many noteworthy contributions to the achievement of that objective. I believe the accomplishments of the Commission fully justify the extension of the compact for an additional term of 4 years, as proposed by Senate Joint Resolution 38.

We recommend, therefore, that Senate Joint Resolution 38 be enacted. We suggest, however, that the date "September 1, 1951" which appears on page 11, line 3, be examined to determine whether it is a misprint for "September 1, 1955" or whether it is in the original document the text of which is set out in Senate Joint Resolution 38. If, as appears to be the case, it is a misprint, we recommend that it be corrected by your committee.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FELIX E. WORMSER,
Assistant Secretary of the Interior.

DEPARTMENT OF STATE,
Washington, March 1, 1955.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Interstate and Foreign Commerce,
United States Senate.

DEAR SENATOR MAGNUSON: Reference is made to your letter of February 5, 1955, submitting for comment Senate Joint Resolution 38. This joint resolution would provide for the consent of Congress to the agreement to extend the interstate compact to conserve oil and gas, the original of which was deposited in the archives of the Department of State on January 22, 1955.

The Department of State has no objection to the joint resolution.

The text of the agreement is set out on pages 6 through 18 of Senate Joint Resolution 38. It may be noted that the phrase "* * * S. J. Res. 42–2 * * *" as it appears on page 10, lines 22 and 23, does not appear in the original which was deposited in the Department.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

THRUSTON B. MORTON,
Assistant Secretary
(For the Acting Secretary of State).

FEDERAL POWER COMMISSION,
Washington 25, March 2, 1955.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Interstate and Foreign Commerce,
United States Senate, Washington 25, D. C.

DEAR MR CHAIRMAN: In response to your request there are enclosed three copies of the report of the Federal Power Commission on Senate Joint Resolution 38, 84th Congress, consenting to an interstate compact to conserve oil and gas.

We have just been advised that there is no objection by the Bureau of the Budget to the presentation of this report to the Committee on Interstate and Foreign Commerce.

Sincerely yours,

JEROME K. KUYKENDALL, *Chairman.*

REPORT OF THE FEDERAL POWER COMMISSION ON SENATE JOINT RESOLUTION 38, 84TH CONGRESS, JOINT RESOLUTION CONSENTING TO AN INTERSTATE COMPACT TO CONSERVE OIL AND GAS

Senate Joint Resolution 38 would grant the consent of Congress to the extension and renewal for a period of 4 years from September 1, 1955, of the interstate compact to conserve oil and gas.

The original compact was signed at Dallas, Tex., on February 16, 1935, by the representatives of four States. Congress gave its consent thereto and to the extensions and renewals thereof to September 1, 1955, its current expiration date. Since its original inception, 17 additional States have become parties to the compact and members of the Interstate Oil Compact Commission which was created thereby. Twenty-one States have executed the agreement to extend the compact for a period of 4 years until September 1, 1959.

The Commission is in accord with the opinion expressed by the Committee on the Judiciary of the United States Senate in Senate Report No. 265, dated June 12, 1947, on Senate Joint Resolution 122 (80th Cong., 1st sess.), consenting to the extension of the compact to September 1, 1951. The committee there stated:

"This compact was originally approved by the Senate on August 24, 1935. It was then hoped that the oil-producing States, acting together under this compact, would be able to conserve this natural resource, prevent its waste, and aid the petroleum industry to achieve a stable situation. That it has had this effect has been demonstrated during the 12 years the compact has been in force.

"Interstate compacts such as this one are in complete harmony with the spirit of our American form of government. They preserve the rights of each separate State at the same time that they enable each of these States to work together on a sound program which all of them accept. They involve no use of force. They impose no prohibitions beyond those which are imposed by the States themselves. They enable the various States, signatory to such compacts, to do those things which are necessary but which might not be done by any of them separately or by any group of them without this consent of Congress.

"This compact definitely states that nothing in it would authorize the States to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, to create a monopoly, or to promote regimentation."

Section 11 (b) of the Natural Gas Act, 52 Stat. 827 (15 U. S. C. 717j (b)) requires the Commission "to assemble and keep current pertinent information relative to the effect and operation of any compact between two or more States heretofore or hereafter approved by the Congress, to make such information public and to report to the Congress from time to time, the information so obtained, together with such recommendations as may appear to be appropriate or necessary to promote the purposes of such compact."

Pursuant to the above statutory directive, the Federal Power Commission has maintained a continuing interest in and has kept abreast of the activities of the Interstate Oil Compact Commission, an agency created by the compact, and has consistently given its support to that Commission when the extension of the basic authority has been before the Congress.

The Commission has reported to Congress information relative to the interstate compact to conserve oil and gas. Such information is contained in the Commission's 1948 report of its Natural Gas Investigation, Docket No G-580. For particular references, see the report of Commissioner Leland Olds and Commissioner Claude L. Draper, pages 75 to 84; the report of Commissioner Nelson Lee Smith and Commissioner Harrington Wimberly, pages 145 and 150. Also in its 1954 Annual Report at pages 151–152, the Commission summarized briefly the background of the compact and the Commission's activities in connection therewith.

For many years the Commission has been represented at meetings of the Interstate Oil Compact Commission, and has thereby been kept informed on the work of that organization. Since June 1954, Commissioner Seaborn L. Digby has been the Commission's representative.

The conclusion in a report to this Commission, though made in July 1943, by Mr. A. A. Hammer, then a member of its geological staff, still holds true today and succinctly states the present view of the Commission. Mr. Hammer stated:

"Finally, it may be said that the Interstate Oil Company Commission, after a period of uncertainty, has oriented itself in the right direction, has outlined and is carrying out a constructive program, and is deserving of full support. It already has the endorsement of the Congress and the President of the United States, as exemplified in the continuing support it has received from them. As now constituted and organized with its progressive program, the Compact Commission is democracy at work. It should be encouraged, assisted, and strengthened wherever possible."

Continued cooperation between the Federal Power Commission and the compact organization will tend to effectuate the declared purpose of the agreement and is of vital importance in the conservation of the fuel supply of our Nation.

The Commission, therefore, favors the approval of the joint resolution to extend the term of the interstate compact to conserve oil and gas for 4 years from September 1, 1955.

Respectfully submitted.

FEDERAL POWER COMMISSION,
By JEROME K. KUYKENDALL,
Chairman.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, February 24, 1955.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Interstate and Foreign Commerce,
United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of February 5, 1955, requesting any comments we may care to offer concerning Senate Joint Resolution 38, 84th Congress, which would grant the consent of Congress to an extension and renewal for a period of 4 years from September 1, 1955, of an interstate compact to conserve oil and gas.

The General Accounting Office has no special information as to the need or desirability of the extension or renewal of the compact. Therefore, we have no comment or recommendation regarding Senate Joint Resolution 38.

This report is furnished in triplicate.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

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